

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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**In re** : **Chapter 11 Case No.**  
:   
**LEHMAN BROTHERS HOLDINGS INC., et al.** : **08-13555 (JMP)**  
:   
**Debtors.** : **(Jointly Administered)**  
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**DECLARATION OF DANIEL J. EHRMANN IN SUPPORT  
OF MOTION PURSUANT TO RULE 9019 OF THE FEDERAL RULES  
OF BANKRUPTCY PROCEDURE FOR APPROVAL OF SETTLEMENT  
AGREEMENT WITH LEHMAN BROTHERS FINANCE AG (IN LIQUIDATION)**

Pursuant to 28 U.S.C. § 1746, I, Daniel J. Ehrmann, declare:

1. I am over 18 years of age and make these statements based on my personal knowledge, my review of the business records of the Chapter 11 Estates,<sup>1</sup> and/or my consultation with employees and professionals of the Chapter 11 Estates and Alvarez & Marsal North America, LLC (“A&M”). If called to testify, I could testify to the truth of the matters set forth herein.

2. I make this declaration on behalf of Lehman Brothers Holdings Inc. (“LBHI” and the “Plan Administrator”), as Plan Administrator under the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and Its Affiliated Debtors (the “Plan”), in support of the Plan Administrator’s motion for approval of a settlement agreement with Lehman Brothers Finance AG (in liquidation) a/k/a Lehman Brothers Finance SA (in liquidation) pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “Motion”).

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion (defined below).

3. I am a Managing Director with A&M. I was assigned to the Lehman matter in September 2008. One of my primary areas of responsibility is the management of all international and foreign matters of the Debtors. I began my career as an attorney practicing law in France for five years. I have specialized in turnaround and restructuring with A&M since 2000, serving in a variety of interim management, advisory, and financial restructuring roles.

4. On behalf of the Chapter 11 Estates, I led the negotiations with LBF over the past four years that resulted in the Settlement Agreement described in the Motion. I have knowledge of the facts and representations set forth in the Motion regarding the LBHI Claim, the LBF Claim Assignment, the LBF Waterfall, the Allowed LPS Claim, and other aspects of the Settlement Agreement. I have reviewed the Motion and it accurately reflects the foregoing. I have considered the benefits of the Settlement Agreement from the perspective of, and as a fiduciary for each of the Chapter 11 Estates, and concluded that the Settlement Agreement is in each of the Chapter 11 Estates' best interests and should be approved.

5. Based on information provided to me regarding the LBHI Funding Claim, it is clear to me that any litigation in Switzerland concerning the treatment of LBHI's claims against LBF would be highly uncertain, time-consuming, and expensive. In making this determination, I have been persuaded by my understanding that such litigation is likely to be raise issues of first impression under Swiss law, and would proceed to a lengthy and costly appellate process, potentially all the way to the Federal Supreme Court of Switzerland. Having considered the relative risks and benefits of pursuing such litigation, I have determined that the negotiated resolution of the LBHI Funding Claim through (i) the allowance of the LBHI Claim in the amount of CHF 9.548875 billion (corresponding to approximately \$8.75 billion converted to Swiss Francs at the rate of USD/CHF 1.0913), (ii) the implementation of the LBF Waterfall

and the LBF Claim Assignment, and (iii) LBF's withdrawal of the LBF Corp-Res Claim is fair and reasonable, and undeniably preferable to engaging in potentially expensive and protracted litigation in the Swiss courts, the outcome of which would be highly uncertain.

6. The Settlement Agreement allows certain claims against LBF in amounts that fairly reflect the fully reconciled books and records of the parties, such as the Other Debtor Allowed Claims and the Non-Debtor Allowed Claims. In addition, the Allowed LPS Claim will be allowed in an amount that has been determined, and is consistent with, the methodology implemented by LBHI in determining the allowed amount of other structured securities issued by certain affiliates of LBHI. Thus, as a whole, the Settlement Agreement achieves a full and final reconciliation of all intercompany claims and disputes between the Chapter 11 Estates, their controlled affiliates, and LBF, and arrives at mutual compromises and concessions that are in the best interests of each of the Chapter 11 Estates and their respective economic stakeholders, while avoiding the risks and expense of prolonged litigation in multiple jurisdictions over the enforceability of the LBHI Funding Claim and the LBF Corp-Res Claim. In my judgment, the Settlement Agreement is fair and reasonable as it relates to each Chapter 11 Estate, and is in the best interests of each of the Chapter 11 Estates and their creditors.

7. In addition, the resolution of these disputes will eliminate one of the last remaining obstacles to progress in LBF's proceeding and enable LBF to begin making distributions to its creditors in the near future. For this reason, approval of the Settlement Agreement provides an immense benefit to all of LBF's creditors and is in their best interests, as much as it is in the best interests of the Chapter 11 Estates. For these reasons, the Motion and the Settlement Agreement should be approved.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct to the best of my knowledge.

Executed on this 10th day of April 10, 2013.

/s/ Daniel J. Ehrmann  
Daniel J. Ehrmann